

TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

#3547
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July 12, 2010

TO: Internal File

THRU: Steve Christensen, En Sci III, Reclamation Hydrologist, Team Lead *SISC*
J. D. Smith, En Sci III, Reclamation Hydrologist, Task Manager

FROM: Peter Hess, En Sci III, Bonding *PHH by SCS*

RE: MIDTERM PERMIT REVIEW, Sunnyside Cogeneration Associates, Sunnyside Refuse and Slurry, C/007/035, Task ID # 3547

SUMMARY:

The Division initiated a mid-term review of the Sunnyside Refuse and Slurry mining and reclamation plan on June 30, 2010. This memo will address the requirements of the R645 Coal Mining Rules relative to bonding.

TECHNICAL ANALYSIS:

BONDING AND INSURANCE REQUIREMENTS

Regulatory Reference: 30 CFR Sec. 800; R645-301-800, et seq.

Analysis:

General

Form of Bond

The Division holds a collateral bond which is based upon Treasury Securities held by Wells Fargo Bank. The amount held in this escrow account is \$ 1,775,000.00, as of February 22, 2006. This information remains correct as of June 30, 2010.

Determination of Bond Amount

The reclamation cost estimate which is approved and incorporated into the current Sunnyside / SRS mining and reclamation plan was revised in April 2007. Therefore the unit costs used to calculate the direct costs for demolition, backfilling and grading, and revegetation must be updated using 2010 costs determined from the R.S. Means *Heavy Construction Cost Data Manual* and the Caterpillar Handbook.

In accordance with the requirements of;

1) **R645-301-830.140**, Detailed Estimated Cost, with Supporting Calculations for the Estimates, submitted by the permit applicant,

Sunnyside Cogeneration Associates must provide updated direct cost estimates for the demolition, backfilling and grading and re-vegetation work associated with all of the disturbed areas located within the permit boundary.

Findings:

The Permittee has not submitted any updated direct cost information based on 2010 current cost information.

The Division can not initiate a review of the direct cost estimates at this time.

RECOMMENDATION:

The Division needs updated direct cost information supplied by the Permittee before it can proceed with a mid-term permit review analysis.